

WINRO COMMERCIAL (INDIA) LIMITED

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COMPENSATION POLICY

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(Approved by the Board of Directors of the Company on 18th April, 2023)

1. PREAMBLE AND OBJECTIVE:

The Compensation Policy (“Policy”) of Winro Commercial (India) Limited (the “Company”) is formulated in line with the requirement of the Section 178 of the Companies Act, 2013, Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Scale Based Regulation framework issued by Reserve Bank of India (RBI) vide circular dated RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 and revised/updated as per the Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs issued by Reserve Bank of India (RBI) vide circular dated RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 on April 29, 2022 (“RBI Guidelines”).

This policy has been framed by the Nomination and Remuneration Committee (NRC) and approved by Board of Directors.

2. DEFINITIONS:

“Act” shall mean the Companies Act, 2013 and the rules framed thereunder as amended from time to time.

“Board of Directors” or “Board” means the Board of Directors of Winro Commercial (India) Limited, as constituted from time to time.

“Company” means Winro Commercial (India) Limited.

“Policy” means Compensation Policy and as may be amended from time to time.

“Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“Guidelines” shall mean RBI Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs.

A “Clawback” is a contractual agreement between the employee and the Company in which the employee agrees to return, forego, compensate to the Company in cash, kind or any other manner previously paid or vested remuneration, perquisites, benefits, amenities, facility to the Company under certain circumstances.

“Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013 and /or as defined under Regulation 16 (b) of the Listing Regulations.

“Key Managerial Personnel” means KMP as defined in Section 2 (51) of the Act, as amended from time to time read with Regulation 2(1)(o) of the Regulations and includes any person/employee designated by the Company as:

- (a) Managing Director
- (b) Joint Managing Director
- (c) Chief Executive Officer (CEO)

- (d) Chief Financial Officer (CFO)
- (e) Company Secretary
- (f) Whole-time director of the Company
- (g) any other officer of the Company, not more than one level below the Whole-time director, designated as key managerial personnel by the Board;
- (h) such other officer as may be prescribed.

“Senior Management” means officers/personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the whole-time directors including the functional heads as provided in ‘Explanation’ to Section 178 of the Companies Act, 2013.

“Malus” is an arrangement that permits the Company to prevent vesting of all or part of the amount of a deferred remuneration, perquisite, benefit, amenities or facility.

“Trigger event” includes, but not limited to:

- (a) in the event of subdued or negative financial performance of the company and/or the relevant line of business; and/or
- (b) the fact that any information used to determine the quantum of an incentive amount was based on error, or inaccurate or misleading information; and/or
- (c) action or conduct of the employee which, in the reasonable opinion of the Committee/ Board, amounts to serious employee misconduct or gross negligence; and/or
- (d) serious reputational damage or material loss caused to the organization by employee’s actions.

“Retention period” a period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

“Deferral” shall mean payment of a part of compensation at a date later than when it becomes due to the employee.

“Variable Pay” means that portion of the compensation which is variable in nature and linked to performance of the company and/ or the employee.

“Compensation” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Regulations’) or any other applicable law or regulation to the extent applicable to the Company.

3. OBJECTIVE OF COMPENSATION POLICY:

The objectives of this policy are:

- a) To lay down broad framework for payment of compensation to the directors (Executive and Non-Executive), Key Managerial Personnel, Senior Management and other employees;
- b) To ensure ‘fit and proper’ status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the Company, KMPs and senior management.

- c) To ensure that the compensation packages of whole-time directors (if any), key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and aligned with the regulatory requirements;
- d) The level of compensation is supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Procedure (ICAAP);
- e) The level and composition of compensation is reasonable and sufficient to attract, retain and motivate directors, KPMs and SMPs of the quality required to efficiently run the company successfully;
- f) The NRC in pursuant to the Guidelines may work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks.

The Board of Directors of the Company has constituted Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of the Schedule II of the Listing Regulations.

4. PRINCIPLES FOR COMPENSATION:

- a) The compensation structure will be determined by the Nomination and Remuneration Committee who will ensure that:
 - Compensation components are aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risk taking;
 - Compensation outcomes are symmetric with risk outcomes;
 - Specifically for Directors, KMPs and Senior Management:
 - Compensation pay-outs are sensitive to the Time Horizon of the Risk.
 - The mix of cash and other forms of compensation will be consistent with risk alignment.
- b) NRC may revisit the principles basis industry and regulatory context, company context and emerging best practices from time to time.

5. COMPENSATION GUIDELINES FOR DIRECTORS, KEY MANAGERIAL PERSONNEL, AND SENIOR MANAGEMENT:

➤ **Compensation Structure:**

The compensation structure shall broadly comprise of the following components:

- a) Fixed Pay
- b) Variable Pay

a) Components of Fixed Pay:

- i. All the fixed items of compensation, including the perquisites and contributions towards superannuation/retiral benefits, may be treated as part of fixed pay;
- ii. All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements;
- iii. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay.

b) Principles of Variable Pay:**i. Composition of Variable Pay:**

Variable pay shall comprise of Share linked instruments or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

ii. Proportion of Variable Pay:

- The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk taking profile of KMPs/ senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher.
- There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level.
- In order to do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.
- At present the Company has no share linked payments.

iii. Deferral of variable pay:

For KMPs and Senior Management, not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as recommended by the Committee and approved by the Board of the company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the company. In the event of separation of an employee on amicable terms with the Company, the Committee shall have the discretion to waive part or whole of the deferred pay.

iv. Control and assurance function personnel:

KMPs and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the company. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

6. GUARANTEED BONUS:

Guaranteed bonus may not be paid to the KMPs and senior management. However, in the context of new hiring, joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

7. MALUS/CLAWBACK:

- The deferred compensation in a year may be subject to:
Malus arrangement shall permit the committee to prevent vesting of all or part of the amount of unvested variable pay. Malus arrangement does not reverse vesting after it has already occurred.

Clawback arrangement wherein in case of gross negligence or misconduct or cause as defined in the Company's code of conduct, the KMP and/or Senior Management shall be liable to return previously

paid or vested deferred variable compensation and the same shall be intimated to the employee at the time of their appointment.

In the event the Committee/ Board becomes aware of a 'Trigger Event', it shall evaluate and decide if malus and/ or clawback needs to be applied on none, part or entire variable pay along with the time period, covering at least the deferral period and retention period. The Committee / Board also reserves the right to include any additional conditions which may trigger Malus/Clawback provisions over and above those defined herein.

8. REVIEW OF COMPENSATION POLICY:

The Board/NRC may review the Compensation policy annually.
